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Research News for the U.S. Travel Industry

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TRAVEL PRINTOUT

US Travel Data Center

March 1989 Volume 18, Number 3

Travel Industry Prospers Despite "Crash"

"The travel industry turned out a more positive performance than originally expected in the year following Black Monday -- October 19, 1987, when the Dow took a 508-point drop and led people to wonder if the fear and panic on Wall Street would spread to Main Street," reported US Travel Data Center Director Dr. Suzanne Cook at the Third Annual Travel Review Conference in Washington, D.C. The following statistics from Cook's speech, "1988 Domestic Travel in Review," illustrate the resilience of the travel industry in the wake of what could have resulted in widespread misfortune:

- Travel industry sales increased 7.9 percent in 1988, more rapidly than did nominal gross national product (GNP), which posted the highest growth rate since 1984 -- 7.4 percent. In fact, travel industry sales have increased faster than GNP during seven of the past ten years.
- The relationship between travel prices and personal income improved in 1988. Consumers' purchasing power nearly doubled as personal income rose 7.5 percent while the Travel Price Index increased only 4 percent.
- Travel industry employment rose 4.6 percent over 1987. In 1988, the travel industry was responsible for more than 11 percent of all the additional jobs created in the entire U.S. economy, generating 5.5 million jobs.
- The transportation sector of the industry also showed renewed strength in 1988. Last year, Americans traveled nearly 1.5 trillion passenger-miles on trips away from home on the nation's highways, railways and skyways.
- However, 1988 brought some major shifts in transportation growth. For the first time since 1981, personal motor vehicle travel (including automobiles, trucks, and recreational vehicles) outpaced common carriers (air, bus, and rail), increasing nearly 5 percent in 1988.
- The nation's air carriers posted a 3.8 percent gain in domestic passenger-miles, as capacity limitations and higher, more restrictive fares restrained the growth in traffic. The airlines did, however, enjoy a 23 percent gain in operating profits over 1987.
- Amtrak passenger-miles rose 9 percent to lead all modes in growth for 1988. Also, the intercity bus industry continued to show passenger gains after several years of decline.

These 1988 figures and more, as presented by Dr. Suzanne Cook and Lenore Reid, manager of Survey Research, at the Travel Review Conference, are available as a slide show to present to **your own audience**. Data Center members pay $150; nonmembers $375. Write to the US Travel Data Center, 1133 21st Street N.W., Washington, D.C. 20036, or call 202/293-1040.

The complete edited proceedings of the Travel Review Conference are available for $45 by writing to the Travel and Tourism Research Association, c/o Mari Lou Wood, University of Utah, Bureau of Economic and Business Research, P.O. Box 58066, Foothill Station, Salt Lake City, Utah 84158. ##

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January Travel Registers Slight Price Increase

The slight gain in the overall cost of travel reported during January was the result of two offsetting factors -- an increase in lodging prices and a decline in motor fuel costs, reported the Data Center's latest Travel Price Index (TPI).

The TPI, which measures changes in the seasonally unadjusted prices of lodging, food, transportation and other goods and services purchased by Americans traveling away from home in the U.S. , reached 120.6 (1982 - 84 = 100) in January.

For comparison, overall goods and services costs, as measured by the Consumer Price Index (CPI), increased 0.5 percent to 121.1 in January.

A 2.4 percent increase in lodging prices during January is the largest gain since March 1988; however, motor fuel prices declined for the fifth consecutive month, keeping the overall rise in travel costs to a minimum.

Declining motor fuel costs also allowed the overall cost of transportation to drop 0.1 percent in January despite a 1 percent rise in airline fares.

The January TPI rose 3.4 percent over year-earlier levels; the CPI increased 4.7 percent for the same period.

The cost of other intercity transportation led the yearly increase in the TPI, rising 7.3 percent over January 1988 levels. Entertainment showed the second largest yearly increase, rising 5.2 percent, followed closely by airline fares, which gain 5 percent over the previous year. ##

Travel Price Index and Components

January 1989 TPI Component	Monthly % Change December 1988 to January 1989	Annual % Change January 1988 to January 1989
Transportation	-0.1	2.1
Airline Fares	1.0	5.0
Other Intercity Trans.	0.5	7.3
Intracity Public Trans.	0.0	2.6
Motor Fuel	-0.9	-0.1
Lodging	2.4	2.1
Food and Beverages Away From Home	0.5	4.6
Entertainment	1.9	5.2
TRAVEL PRICE INDEX	1.0	3.4
CONSUMER PRICE INDEX	0.5	4.7

Source: US Travel Data Center and the U.S. Bureau of Labor Statistics

BUCK, the Touri$t Dollar, the new trademark symbol of the National Travel and Tourism Awareness Council (NTTAC), debuted during Unity Week in Washington, D.C. The NTTAC uses Buck and information from the US Travel Data Center to convey the important role of travel and tourism in the U.S. economy to the American public. Buck is the featured leader of National Tourism Week, May 15-19, 1989. To learn more about the National Travel and Tourism Awareness Council and its programs, contact Dee Minic, Two Lafayette Centre, 1133 21st NW, Washington, D.C. 20036. ##

December Travel Shows Mild Decrease

December travel declined nearly 3 percent, the first decrease in overall travel volume in seven months. However, business travel, which has exhibited little change in recent months, showed a significant increase, according to the latest National Travel Survey (NTS) conducted by the US Travel Data Center.

This monthly telephone survey reports that Americans took 103 million person-trips in December 1988. (A person-trip measures one person traveling 100 miles or more away from home.)

The December NTS reports:

- Business travel increased more than 20 percent over year-earlier levels,
- Vacation travel decreased 5 percent,
- Pleasure travel fell 6 percent,
- Auto travel and air travel dropped below year-earlier levels.
- The average trip duration was 4.1 nights; average round-trip distance was 910 miles.

Through national probability samples of 1,500 adults each month, the survey's results are projectable to the entire adult population of the contiguous United States. ##

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Travel Printout reports on Data Center Projects, national travel research conducted by other respected organizations, and trends in the U.S. travel industry. Subscriptions are $70 per year, U.S., Canada and Mexico; other foreign countries, $80 per year, payable in U.S. funds only. ISSN: 0744-6233.

TEIM Scheduled for Revision

The US Travel Data Center has launched a project to revise and expand the capabilities of its Travel Economic Impact Model (TEIM), the only national model which produces comparable and consistent estimates of the economic impact of travel at the state and local levels.

The Travel Economic Impact Model (TEIM) was developed in 1973 by the Data Center to generate detailed estimates of the impact of travel on national, state, local and city economies. Since then the model has been revised to incorporate additional travel spending and other information.

The complete revision/expansion process entails a re-examination of the TEIM's original coverage and assumptions, incorporation of improved input data, revision of the impact equations, improvements in the computer processing, and a revised series of estimates. In addition, new components will be added to permit greater flexibility while creating a wider audience for travel economic impact studies.

The TEIM revision project, made possible by a $150,000 contract with the U.S. Travel and Tourism Administration, and contributions from the National Coucil of State Travel Directors and the private sector, is headed by Dr. William Fleming, manager of Economic Research at the Data Center. Says Fleming, "It is essential that all businesses involved in the industry have reliable and timely data needed to make well-informed marketing and investment decisions. Federal, state, and local governments also must make policy decisions concerning the travel industry based on dependable data."

The scheduled TEIM revisions include counseling by several review panels throughout the revision process:

- An Industry Advisory Panel of travel industry leaders will guide the project.
- A Technical Review Panel will advise on modeling techniques and data sources.
- An Industry Review Panel of travel industry leaders across the country will review and comment on industry priorities for possible model output.

Upon completion of the TEIM revisions, three new model components will be developed and programmed for use in conjunction with the TEIM: (1) Multiplier Component, (2) Foreign Visitor Impact Component, (3) Forecasting Component.

The multiplier component will allow the Data Center to produce estimates of total (direct and indirect) statewide and local travel economic impact estimates. As part of this project, the Data Center will generate national multiplier estimates for U.S. resident and foreign visitor travel spending.

The foreign visitor impact component will estimate the impact of foreign visitor spending at the national and state level using data from the U.S. Travel and Tourism Administration's (USTTA) In-Flight Survey of International Air Travelers.

With the forecasting component, the Data Center will be able to provide projections of travel spending and impact at the state and national level for one to five years into the future. The Project Team will interview experts and consult with the technical review panel to determine the optimal methodology for such a component.

Each new component will be reviewed by all three panels, modified to specification, and re-tested.

The outcome of the TEIM revision/expansion will be a more effective and flexible tool for assessing the economic impact of travel and tourism on national, state and local economies. Those seeking further information on the Travel Economic Impact Model, contact Dr. William Fleming; 202/293-1040. ##

Region	DEC 1988 visits	% Change from DEC 1987*	% Change 1988/1987*
NEW ENGLAND	285,644	-3	2
MIDDLE ATLANTIC	1,189,705	-5	-16
SOUTH ATLANTIC	3,828,041	-22	-5
EAST SOUTH CENT.	1,328,107	15	8
EAST NORTH CENT.	173,019	29	12
WEST NORTH CENT.	204,248	14	4
WEST SOUTH CENT.	360,507	1	2
MOUNTAIN	1,120,092	4	3
PACIFIC	2,371,012	-3	-1
TOTAL	10,860,375	-8	-2

* Percent changes may not be consistent with prior figures due to National Park Service revisions.

States comprising the Census regions:
New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **Middle Atlantic:** New Jersey, New York, Pennsylvania. **South Atlantic:** Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. **East South Central:** Alabama, Kentucky, Mississippi, Tennessee. **East North Central:** Illinois, Indiana, Michigan, Ohio, Wisconsin. **West North Central:** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **West South Central:** Arkansas, Louisiana, Oklahoma, Texas. **Mountain:** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Pacific:** Alaska, California, Hawaii, Oregon, Washington.

Current Travel Indicators

CURRENT TRAVEL INDICATORS

	Current Month 1988	Current Value	Percent Change: Previous Month	Percent Change: Year-Ago Month	Percent Change: Year to Date
Establishments Receipts or Retail Sales					
Hotels, motels and other lodging places(1)	Dec	$ 3,287 million	-22.4	7.2	8.9
Eating and Drinking Places(2)	Dec	13,823 million	1.1	8.1	6.1
Gasoline Service Stations(2)	Dec	9,100 million	1.0	4.8	4.4
Commercial Lodging Demand					
Hotel/Motel Occupancy Rates(3)	Dec	62.5 percent	0.0	1.3	1.5
Real Demand for Commercial Lodging(4)	Dec	44.2 million	-18.3	4.7	4.9
Airline Passenger Traffic(5)					
Domestic Revenue Passenger-Miles	Dec	25.3 billion	1.3	1.9	1.1
International Revenue Passenger-Miles	Dec	7.1 billion	8.6	18.3	17.8
Highway Traffic Volume(6)					
Rural Arterial Passenger-Miles	Dec	39.6 billion	-1.3	5.4	5.0
Rail Passenger Traffic(7)					
Amtrak Passenger-Miles	Dec	486.1 million	10.7	-1.1	6.3
Travel Price Index(1982-84=100) (8)	Dec	119.4	-0.1	3.7	4.0
U.S. Resident Travel					
Total Person-Trips(9)	Dec	103.4 million	2.2	-2.6	3.5
Vacation Person-Trips(9)	Dec	70.2 million	1.2	-5.0	7.2
Total Person-Nights(10)	Dec	423.9 million	23.3	-10.6	-4.3
Vacation Person-Nights(10)	Dec	354.2 million	40.4	-3.1	-0.4
Public Use of National Parks(11)					
Visits	Dec	10,860,375	-26.2	-8.0	-2.0
Overnight Stays	Dec	338,927	-46.3	0.0	0.0
Foreign Arrivals in the U.S.					
From Overseas(12)	Nov	n/a			
From Canada(13)	Dec	805,559	-9.5	24.1	11.6
From Mexico(12)	Nov	n/a			
U.S. Citizen Departures					
To Overseas(12)	Oct	n/a			
To Canada(13)	Dec	575,477	0.5	5.8	0.2
Domestic Demand for Motor Gasoline(14)					
Barrels per Day	Dec	7,344 thousand	-0.3	1.3	1.5

(1) Source: Smith Travel Research, seasonally unadjusted. (2) Preliminary; revised monthly. Source: Bureau of the Census. (3) Source: Smith Travel Research, seasonally adjusted, 1986 and 1987 data have been revised. (4) Smith Travel Research, unadjusted room nights sold. (5) Preliminary; U.S. scheduled service air carriers. Source: Air Transport Association. (6) Preliminary; revised monthly. Source: Federal Highway Administration. (7) Source: National Railroad Passenger Corporation (Amtrak). (8) Source: US Travel Data Center and Bureau of Labor Statistics. (9) Source: US Travel Data Center. (10) US Travel Data Center. Data is not comparable to earlier published numbers due to revised methodology. (11) Preliminary; unadjusted for differences in reporting units. Source: National Park Service. (12) Source: U.S. Travel and Tourism Administration. Mexican data reflect 194 arrivals only. (13) Statistics Canada (14) Preliminary; Source: U.S. Department of Energy.

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